Your ''Patient Abuse Prevention Act'' will require nursing homes and other long term care providers to initiate background checks of prospective workers. We have a few issues with the bill that we would like to continue to work with you to address. We recognize, however, that this set of requirements is the toughest ever proposed for long term care workers. It builds on earlier proposals by the current bill's sponsors and is similar in a number of respects to proposals made by the President last year. For the many competent, caring, professionals and facilities who provide safe, quality long term care, it sends a message that we respect and value their high standards and want to find new workers who will live up to them as well. However, for criminals and those with a history of abusing or neglecting those dependent on their care, and for those who may have allowed such individuals access to vulnerable beneficiaries, it says in a clear and unmistakable way that you will not find a job in long term care paid for by Medicare or Medicaid because we will not tolerate it.

As President Clinton said when he called for such an approach, ''When families have to worry as much about a loved one in a nursing home as one living alone, then we are failing our parents and we must do more.'' This bill does do more. We applaud your efforts and look forward to continuing to work with you on this bill to improve the safety of sick and frail elderly and disabled people.

Sincerely,

DONNA E. SHALALA.

NATIONAL CITIZENS' COALITION FOR NURSING HOME REFORM,
Washington, DC, July 27, 1999.

Hon. FORTNEY STARK,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE STARK: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) commends you and your staff for your initiative in seeking to improve care and conditions in long-term care facilities. NCCNHR is a non-profit consumer organization whose mission is to improve the quality of care and life for long term care residents. Our organization represents residents and their advocates. We work closely with the nation's long-term care ombudsmen and house the National Long Term Care Omnibus Resource Center.

We strongly support your proposed legislation cited as the Patient Abuse Prevention Act, which would require criminal background checks for nursing home workers. This legislation would provide residents protection from individuals with a history of committing crimes against residents. It would also create a much needed National Registry for long-term care employees with a history of abuse, to be used by nursing homes hiring employees for their facilities.

In particular, NCCNHR applauds your revisions to last year's bill, the ''Long-Term Care Patient Protection Act of 1998'' to include (1) a requirement that criminal background checks of employees will be conducted in all facilities (including specifically, nursing homes, home health, and hospices); (2) that applicants may not be charged for costs of the checks; (3) that applicants who challenge the accuracy of the background check will also be able to appeal the decision and (4) that there is no longer a prohibition on Medicare and Medicaid reimbursement for the costs of conducting background checks.

We strongly urge, however, that the legislation also expand its language to provide criminal background checks on all long-term care workers and not just employees who have direct access to residents. Considering the vulnerability of long-term care residents, criminal background checks should be conducted on all workers, including contract workers, in all health care settings, including home care, and assisted living.

Again, NCCNHR congratulates you, Representative Stark, on your persistence and foresight. If you need further information, contact me or Ana Rivas-Beck, J.D., Law and Policy Specialist.

Sincerely,

SARAH GREENE BURGER,
Executive Director.

RELIEF FROM INTEREST AND PENALTIES ON FERC REFUNDS

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. MOORE. Mr. Speaker, on July 29, the House Commerce Subcommittee on Energy and Power has scheduled a hearing on H.R. 1117, legislation introduced by my colleague from Kansas, JERRY MORAN, and cosponsored by the entire Kansas House delegation.

This legislation would provide relief from unfair interest and penalties on refunds retroactively ordered by the Federal Energy Regulatory Commission. For two decades, FERC allowed gas producers to obtain reimbursement for payment of the Kansas ad valorem tax on natural gas. In a series of orders, FERC repeatedly reaffirmed the rights of gas producers to collect the ad valorem tax, rebuking various challenges to this practice. In 1993, however, FERC reversed 19 years of precedent and ruled that the ad valorem tax had not been eligible for reimbursement. FERC has since ordered all producers operating during a 5-year period in the 1980's to refund both principal and interest associated with reimbursement of the ad valorem tax.

With this legislation hopefully headed toward consideration by the full House of Representatives. I am taking this opportunity to place in the RECORD a letter recently sent by Kansas Senate Democratic Leader Anthony Hensley to House Commerce Committee Ranking Democrat JOHN DINGELL, concerning the legislative history of ad valorem and severance taxes in Kansas. This background will be very helpful to our colleagues as they review this issue in the weeks ahead.

STATE OF KANSAS,
OFFICE OF DEMOCRATIC LEADER,
Topeka, KS, June 18, 1999.

Re: Kansas Ad Valorem Tax refund detrimental reliance on federal law.

Hon. JOHN D. DINGELL,
House of Representatives, Committee on Commerce, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN DINGELL: On June 8, 1999, the House Energy and Power Subcommittee held a hearing on the Kansas Ad Valorem Tax refund issue. This issue is extremely important to the State of Kansas and one of our most important industries, the production of oil and gas. As a 23-year veteran of the Kansas Legislature and as the Minority Leader of the Kansas Senate, I am writing to request your support of Congressman Jerry Moran's legislation to alleviate what I believe is a serious miscarriage of justice.

I was a member of the Kansas Legislature in 1983 when Governor John Carlin promoted and obtained passage of a severance tax on oil and gas. Prior to 1983, Kansas did not have a severance tax, only an ad valorem tax. At that time, the ad valorem tax took approximately 3.1% of the value of production and was revenue used by counties and local school districts. Oklahoma and Texas, on the other hand, had severance taxes in place for many years equal to 7.085% to 7.5% of the value of gas production. Wyoming had in place a 4% severance tax on oil and gas ''in addition to'' a 6.5% property tax on oil and gas for a total tax burden of 10.5%. Likewise, Colorado had a severance tax on gas ranging from 2%–5% ''in addition to'' a 5.4% property tax, for a total tax burden of 7.4% to 10.4%.

As you know, federal law allowed purchasers to add all of these taxes on to the Federal Power Commission's (FPC) maximum lawful price when purchasing gas. In Wyoming and Colorado, both a severance tax and a property tax were permitted to be added to the maximum lawful price. Texas had both a severance tax and a property tax, however, because of the way its property tax was structured, it was allowed to add on only the 7.5% severance tax to the FPC maximum lawful price. The Kansas Attorney General requested clarification from the FPC to determine whether Kansas' ad valorem tax could lawfully be added to the FPC maximum lawful price. In 1974, Opinion 699–D clarified this issue and did allow the Kansas ad valorem tax as a lawful addition to the price.

In 1981, the State of Kansas needed additional funding for education, roads and infrastructure, and Governor Carlin began studying the potential for a severance tax. One of our state's most valuable natural resources was being depleted and consumed out of state, pipelines were strewn across Kansas, drilling equipment was taking its toll on Kansas roads and infrastructure, and little benefit was being derived by Kansas government. The price of gas at the wellhead, sold in interstate commerce, was being controlled by the federal government at prices far below fair market value, resulting in the transfer of enormous wealth from Kansas to out of state consumers. Texas, Oklahoma, Colorado, Wyoming and other states were collecting taxes on oil and gas at over twice the Kansas tax rate.

Governor Carlin proposed a severance tax which, when added to the existing ad valorem tax, would be comparable to the taxes on oil and gas production collected in other producing states. The legislature studied various severance tax proposals for three years. Oil and gas severance and property tax in neighboring states were studied carefully. A comparative chart used by the Senate Tax Committee is passing the severance tax is enclosed with the attached Memo of Severance and Property Taxes prepared by the Kansas Legislative Research Department during the 1981 severance tax debate.

One of the issues raised during legislative debate was whether both a severance tax and an ad valorem tax on gas could be added to the maximum lawful price of gas as established by the Federal Energy Regulatory Commission (FERC). We were advised that this was allowed in Wyoming, Colorado and other producing states, and that FPC Opinions 699–D allowed the pass through of the Kansas ad valorem tax. This Opinion had been specifically requested by the Kansas Attorney General and the Kansas Legislature relied on Opinion 699–D without further question.

Finally, in 1983, the Kansas Legislature passed a severance tax ''in addition to'' the existing ad valorem tax. A credit against the severance tax for ad valorem taxes paid was added to the bill resulting in a 7% severance tax on gas and a 4.33% tax on oil. Clearly, tax policy for our state was based on the Legislature's reliance on FPC Opinion 699–D. Were it not for our reliance on Opinion 699–D, the severance tax would not have passed without amending our state's ad valorem tax to conform to federal requirements for pass through of both the severance and ad valorem taxes as was done in Wyoming and Colorado.

When Kansas passed the severance tax in 1983, Northern Natural Gas Company asked the FERC to reconsider its Opinion 699–D to prohibit Kansas producers from passing through both a severance tax and a property tax. They were denied twice by the FERC. In 1988, Colorado Interstate Gas Company appealed the FERC decision to the Washington, D.C., Circuit Court of Appeals. I am sure you are familiar with the whole scenario that has followed. Nineteen years after Opinion 699–D was issued, the FERC, with incentive from the Washington, D.C., Court in the Colorado Interstate Case, reversed itself. Later the court would require retroactive refunds to 1983 based on notice of hearings published in the federal register. Now, because the Kansas Legislature relied on Opinion 699–D to pass a severance tax without adjusting the methodology by which the Kansas ad valorem wax was calculated, many Kansas independent oil and gas producers are devastated.

What could the Kansas Legislature have done further to determine the reliability of Opinion 699–D? Should we have asked for a second ruling on the same issue? Would that have allowed Kansas to rely on the Opinion? Would three, four or five opinions have allowed Kansas to rely on the ruling? Was there someone the State could have sued to get final determination that we could rely on before we passed the severance tax? How can a state ever rely on a federal regulatory ruling if a court can in the future retroactively change the law and require innocent victims who complied with the law to refund large sums of money with interest?

Certainly Kansas producers have done their part to provide consumers with an abundant supply of clean, cheap fuel. But why are consumers up in arms? In 1998, the price of natural gas paid to producers at the wellhead in Kansas averaged less than $1.96 per mcf. The price of natural has at the residential burner tip, however, averaged $6.82 in the U.S.A., with prices ranging from less than $5 to over $12 per mcf from time to time. Since FERC Order 636 passed, the price of natural gas paid to producers at the wellhead has gone down while the price of natural gas paid by residential consumers has gone up. The middlemen's share of the residential consumer's dollar has increased from 59% to 73% while the producer's share has decreased from 41% to 27%. Both producers and consumers are losers in this environment while the giant interstate pipelines and local distribution companies have seen profits rise dramatically.

Now, I understand, the primary beneficiaries of deregulation—the interstate pipelines and local distribution companies—are before the Energy and Power Subcommittee in the name of consumer protection. How much of the refund will ultimately reach the consumer is undetermined at this time, but I am advised that any residential consumer likely will receive no more than $15 over a period of time. However, the total of these de minimis refunds, and what is not passed through to the consumer, equals the estimated drilling and exploration budget for all of Kansas for the next three and one-half years.

As Democrats, we need to stand up for what is right and fair in America. Consumer protection is an enormously powerful political force but honest, hardworking producers deserve no less. Kansas producers were perhaps the only innocent parties in this entire scenario, caught between consuming states whose people believe they have a right to cheap fuel, and the governments of producing states who believe they have a right to tax oil and gas producers into oblivion.

This is not a consumer protection issue. I do not believe that consumers in Kansas, Missouri, Colorado, Michigan or any other state will benefit in any way from this restorative reversal of law by the Federal Energy Regulatory Commission. A minuscule refund to a long lost consumer cannot offset the losses which will result from the destruction of honest, hardworking, productive citizens. Exploration in Kansas is almost totally dependent on small independent operators who provide an invaluable resource to consumers across this country. The destruction of this vital Kansas industry is not in anyone's best interest. I strongly urge you to support Congressman Moran's legislation to eliminate this serious injustice.

Sincerely,

ANTHONY HENSLEY,
Kansas Senate Minority Leader.

On Or After January 1, 1973, And New Dedications Of Natural Gas To Interstate Commerce On Or After January 1, 1973, Opinion No. 699–D

DECLARATORY ORDER ON PETITION FOR CLARIFICATION (ISSUED OCTOBER 9, 1974)

Before Commissioners: John N. Nassikas, Chairman; Albert B. Brooke, Jr., Rush Moody, Jr., William L. Springer, and Don S. Smith.

The State Corporation Commission of the State of Kansas (Kansas) on August 29, 1974, filed a request for clarification of Opinion No. 699 concerning the right of producers making jurisdictional sales in Kansas covered by that opinion to adjust upward the national rate prescribed therein by the amount of the Kansas ad valorem tax.

Opinion No. 699 provides in Ordering Paragraph A(3) (mimeo p. 141) that the national rate established there ''shall be adjusted upward for all State or Federal production, severance, or similar taxes * * *''. The question presented is whether the Kansas ad valorem tax is a similar tax within the meaning of the above provision. A number of other states also have an ad valorem tax, and our determination here will not be limited to the Kansas ad valorem tax, but will apply to ad valorem taxes in general.

As Kansas points out, the bulk of the Kansas ad valorem tax is based upon production factors, and, as such, is in fact, a severance or production tax merely bearing the title ''ad valorem tax''. The ad valorem tax in some other states is also similar to a production or severance tax inasmuch as it is based on the amount of production and the revenues therefrom. Consequently, we conclude that it is proper under Opinion No. 699 for producers to adjust the national rate upward for a state ad valorem tax where such tax is based on production factors.

SEVERANCE AND PROPERTY TAXES ON OIL AND GAS

Background

This memorandum presents an overview of the severance taxes and property taxes levied on oil and gas properties in the major producing states and the states surrounding Kansas. A summary of the severance tax rates and property taxes in such states is contained in Table 1.

Severance Taxes. A severance tax is a tax imposed on the production, or the ''severing,'' of a mineral from the earth. The production of the mineral may be measured either by the value or the volume of the mineral produced. Among states basing a severance tax on the value of production, some tax the gross value of production, while others tax a net value figure, allowing deductions for expenses such as transportation costs, federal or state royalties, losses from evaporation or uneconomic production, and disposal of useless byproducts such as salt water. The rate of severance taxes based on value may be a fixed percentage of value or may be graduated to apply lower rates to low-income or low-production wells.

The rationale usually presented for imposing a severance tax is that the state should be compensated for the irretrievable loss of a nonrenewable resource and for the cost to the state's residents resulting from the development of that resource. States which have imposed severance taxes have used those tax receipts for various purposes, including school finance, property tax relief, highway finance, creation of trust funds, and distribution to local governmental units.

A severance tax may be either ''in lieu of'' or ''in addition to'' property taxes on oil or gas properties. An ''in lieu of'' severance tax exempts oil and gas properties from the general property tax.

Property Taxes. Taxes on real and personal property have traditionally been a major source of funding for the activities carried on by state and local governments. Applying a property tax to oil and gas properties typically involves determining the value of minerals in the ground and the value of the production equipment. States imposing property taxes have usually chosen one of three methods to value the minerals: value of production; formula valuation; or token assessment.

Annual production assessment applies the property tax levy to the value of production, which might be either gross or net value.

Formula valuation attempts to value reserves by estimating the average life of a well, rate of discount, and the estimated value of future production.

Token assessment would apply the property tax to a minimal amount of value, either per acre of lease or per well.

National Summary

Severance taxes on oil and gas have been enacted in 27 states, including states such as Kansas which have enacted relatively minor severance taxes based on the volume of production for regulatory, rather than revenue, purposes. Seventeen of those 27 states have enacted ''significant'' severance taxes—a tax at the rate of 2 percent or more of value. Six of the 17 states with significant severance taxes impose their tax in lieu of the property tax.

Kansas

Oil and gas leaseholds, including royalty interests and equipment used in production, are assessed as tangible personal property in Kansas. Guides for assessing oil and gas properties have been prescribed by the Director of Property Valuation, Department of Revenue, for use by county appraisers. After appraised values are determined, the properties are assessed at 30 percent of such values and are subject to the total general property tax rate according to the situs of the property.

According to Table 3, prepared by the Department of Revenue, Division of Property Valuation, oil and gas properties paid almost $95 million in property taxes in 1980, up from $60.5 million in 1979.

According to the Kansas Geological Survey, oil and gas production in Kansas for the last two years was as follows:

	Unit	1979 Quantity	1979 Value $(1,000)	1980 Quantity	1980 Value $(1,000)
Oil	1,000 barrels	56,995	$1,245,015	60,140	$2,049,581
Gas	million cubic feet (m.m.c.f.)	804,535	548,693	772,998	643,134
Natural Gas Liquids	1,000 barrels	33,888	292,791	34,000	352,512
			$2,086,499		$3,045,227

Thus, using the above oil and gas property tax figures, property taxes statewide averaged 3.1 percent of value and 2.9 percent of value in 1980 and 1979, respectively. Of course, the ratio of property taxes to value varies from lease to lease and county to county.

The biggest factor in the increase in property taxes between 1979 and 1980 was the increase in the price of oil. The calculation of the value of the gross reserves of oil is the most important step in valuing the oil lease. This value is calculated by multiplying the total annualized production for the previous year times a net price figure times a present worth factor. In the 1979 Oil and Gas Appraisal Guide, the highest price of stripper oil was $16.10; in 1980, this same oil sold for approximately $38, and the net price figure used in the 1980 Guide was $31.56. These price figures reflect actual selling prices of oil and the world-wide increases in prices. The 1981 net price figures are not yet available.

Equipment values shown in the 1980 Guide were also higher than those in the 1979 Guide. This increase was due to the fact that the equipment values had not been updated for several years and reflected the increase in the value of equipment that has accompanied the increase in the price of oil. The number of years of income considered was raised from five to eight years; this also raised the valuation of the property.

Several changes reflected in the 1980 Guide would have had the effect of lowering values. These changes were raising the discount factor and changing the low production credit. The discount factor reflects the present value of money to be received at a specified time in the future. The low production credit is a reduction for wells with very low production levels.

Changes in the 1981 Guide include accounting for differences in production quality and expenses between eastern and western Kansas wells. One such difference is that the 1981 Guide will consider a 5 year income for the shallow eastern Kansas wells, while an 8 year income will be used for the deeper western Kansas wells.

In addition to the property tax, oil and gas producers, like other businesses, also pay sales and income taxes. Oil and gas producers also pay taxes or fees for antipollution and conservation activities of the state. The oil and gas production tax, for pollution control, is levied at the rate of $.001 per barrel for each barrel of oil and $.00005 for each one thousand cubic feet of gas produced. The conservation assessment is $.003 per barrel of oil and $.0008 for each one thousand cubic feet of gas.

The Federal Energy Regulatory Commission has ruled that the Kansas property tax is essentially based on production and has allowed this tax to be ‘‘passed-on’’ to consumers. More than one production tax on natural gas (the only type of energy production whose price is still controlled) may be passed on. Both the property tax and the two regulatory taxes in Kansas are currently being passed on. Other states and the F.E.R.C. have also reported that natural gas producers are able to pass-on more than one production tax, as long as intrastate and interstate sales of natural gas are taxed equally.

A severance tax, if enacted in Kansas, would have an impact on oil and gas property tax appraisals by lowering net prices figures used in the Guide. The Guide uses the price actually paid to the producer on January 1 of the assessment year less state and federal wellhead taxes levied on value or volumes produced, and less applicable transportation charges. Thus, the federal Crude Oil Windfall Profit Tax (WPT) was deducted from the sales price of oil. (Appended to this memorandum is a summary of the Windfall Profit Tax.) An 8 percent severance tax could lower the net price figure per barrel for oil from $31.70 to $29.16, as follows:

Current sales price—1 barrel of oil	$38.00
Base price for WPT	−17.00
Windfall profit for WPT	21.00
WPT rate for independents on stripper oil	×30%
WPT liability	6.30
Current sales price—1 barrel of oil	$38.00
WPT liability	−6.30
Net price with WPT	$31.70
Windfall profit for WPT	$21.00
WPT severance tax adjustment (8%)	−1.68
Net windfall profit	19.32
WPT rate for independents on stripper oil	×30%
WPT liability	5.80
Current sales price—1 barrel of oil	$38.00
Severance tax	×8%
Severance tax liability	$3.04
WPT liability	$5.80
Severance tax liability	+3.04
WPT and severance tax liability	$8.84
Current sales price—1 barrel of oil	$38.00
WPT and severance tax liability	−8.84
Net price with WPT and 8% severance tax	$29.16

The Legislative Research Department is not yet able to estimate the effect of a severance tax on property tax appraisals. A reduction in the net price figures does not necessarily mean that assessed valuations of oil and gas properties will fall—but it does at least mean that such valuations would not be as high as they otherwise might be if no severance tax were enacted. Decontrol of all oil prices, and rising prices for oil and gas are some factors that could lead to increases on oil and gas valuations, even if a severance tax were enacted.

At least two opinions of former Kansas Attorneys General have stated that either an ‘‘in addition to’’ or ‘‘in lieu of’’ severance tax could be constitutionally enacted in Kansas. Article 11, Section 1, of the Kansas Constitution specifically authorizes the legislature to classify ‘‘mineral products’’ for purposes of taxation. In an opinion dated September 13, 1954, the Attorney General concluded: ‘‘. . . it is our opinion that a gross production or severance tax would probably be constitutional if levied to the exclusion of property taxes or if levied in addition to property taxes on mineral products. We do not believe that a provision exempting the equipment and other property used in production would be constitutional.’’

The above opinion was confirmed in another opinion, dated June 5, 1969: ‘‘We have studied the (1954) opinion and agree with his conclusion stated therein. We are unable to find any recent case which would alter that conclusion. However, we would again emphasize that a severance tax act could not exempt the equipment and other property used in the production of oil and gas from ad valorem taxes.’’

A 1 percent severance tax on oil gas production was enacted on the last day of the 1957 Session. This tax was an ‘‘in addition to’’ severance tax. During the first six months after enactment, over $2 million was collected. This tax was held to be invalid by the Kansas Supreme Court, however, in the case State, ex. rel. v. Kirchner, 182 Kan. 437 (1958). The Court held that the bill enacting the tax was unconstitutional because the subject of the act was not clearly expressed in its title.

OIL AND GAS SEVERANCE AND PROPERTY TAXES IN MAJOR PRODUCING AND NEIGHBORING STATES

State	Severance taxes (not including regulatory taxes): Oil severance tax rate	Severance tax in lieu of property tax	Exemptions or lower rates	Other minerals taxed	1980 property tax as estimated percentage of value of production
Alaska	12.25%	No	No	Gas-10%	NA.
California		No	No		3.8% (includes equipment).
Colorado	2%-5%	No	Yes [1]	Gas-2%-5%; Coal-60 cents per ton, indexed to price; oil shale-4%; metallic minerals.	5.4% (percentage does not include tax on equipment).
Kansas					3.1% (includes equipment).
Louisiana	12.5%	Yes	Yes [2]	Gas-7 cents per m.c.f.; coal-10 cents per ton; gravel; marble; ores; salt; sand; shells; stone; sulphur; timber.	
Mississippi	6.0%	Yes	No	Gas-6%; salt	
Nebraska	2%	No	No	Gas-2%	NA.
New Mexico	3.75% plus privilege tax of 2.55%.	No	Yes [3]	Gas-11.1 cents per m.c.f. (includes surtax tied to C.P.I.) plus privilege tax of 2.55% of value; Coal-$.57 per ton plus surtax tied to C.P.I.; Uranium; other minerals.	1.6% (includes equipment).

OIL AND GAS SEVERANCE AND PROPERTY TAXES IN MAJOR PRODUCING AND NEIGHBORING STATES—Continued

State	Severance taxes (not including regulatory taxes)				1980 property tax as estimated percentage of value of production
	Oil severance tax rate	Severance tax in lieu of property tax	Exemptions or lower rates	Other minerals taxed	
North Dakota	5% plus 6.5% oil extraction tax	Yes	Yes [4]	Gas-5%; coal-85 cents per ton; indexed for inflation	
Oklahoma	7.085%	Yes	No [5]	Gas-7.085%; asphalt; lead; zinc; jack; gold; silver; or other ores	
South Dakota	4.5%	No [6]	No	Gas-4.5%; coal-4.5%	NA.
Texas	4.6%	No	No	Gas-7.5%; sulphur; cement	2.0% (percentage does not include tax on equipment).
Wyoming	4.0%	No	Yes [7]	Gas-4%; Coal-10.5%; Uranium; Trona; Oil shale-2%	6.5% (percentage does not include tax on equipment)

[1] Tax on oil and gas is based on ''gross income,'' defined as market value at wellhead or the value of the severer's income as computed for Colorado and federal income tax depletion purposes, whichever is higher.

Gross income and rate of tax:
Under $25,000: 2%;
$25,000 and under $100,000; 3%;
$100,000 and under $300,000: 4%;
$300,000 and over: 5%.

Stripper oil wells (less than 10 barrels per day) are exempt. A credit is allowed for 87.5 percent of all property taxes paid during the tax year, excluding property taxes upon equipment and facilities.

[2] Oil: Wells incapable of producing more than 25 barrels of oil per day which also produce at least 50 percent salt water per day, 6¼ percent; wells incapable of producing more than 10 barrels of oil per day, 3⅛ percent; natural gas liquids, 10 percent; gas at 15.025 pounds per square inch pressure, 7 cents per m.c.f.; gas from oil well at 50 pounds per square inch pressure; 3 cents; gas from well incapable of producing average of 250,000 cubic feet per day, 1.3 cents. Working interest owners in an oil or gas well that discover a new field are exempt from 50 percent of all severance taxes for the first 24-months, up to a certain amount.

[3] A severance tax credit is allowed if a contract entered into by producer prior to 1–1–77 or a federal regulation does not allow the producer to obtain reimbursement from the purchaser for all or part of the increased severance tax (rates were revised July 1, 1980). When computing the value of oil for the severance tax or the value of oil and gas for the privilege tax, a deduction is allowed for royalties paid to the United States, the state of New Mexico or any Indian or Indian tribe, as well as for the reasonable expense of trucking any product to market.

[4] Oil: stripper oil and a limited amount of royalty interest oil is exempt from the oil extraction tax.

[5] Former lower rates on low-producing oil or gas wells were repealed in 1980.

[6] Mineral reserves are not subject to property tax. No personal property is taxed in South Dakota, so only oil and gas equipment forming a part of realty is subject to the property tax.

[7] Oil: stripper oil taxed at 2 percent rate.

Source: State Tax Guide, Commerce Clearing House, and conversations with state officials.

TABLE 2.—SUMMARY OF PROPERTY TAXES IN STATES LISTED IN TABLE 1

California. Valuing oil and gas properties in California has been reported to be the ''biggest problem under Proposition 13.'' State uses a formula valuation procedure, using 1975 values, plus 2 percent increase per year. Property tax treatment of oil and gas is currently under legislative study.

Colorado. Oil and gas assessed at 87.5 percent of the value of production; stripper at 75 percent of value. Mill levy is then applied to assessed value, averaging 62 mills in the highest producing counties. Equipment is assessed at 30 percent of 1973 market value, with the use of a state appraisal guide.

Kansas. Uses formula valuation for appraisal, assessed at 30 percent, then mill levy applied to assessed value.

Nebraska. Uses same basic appraisal technique at Kansas.

New Mexico. Has an ad valorem production and an ad valorem equipment tax.

South Dakota. Oil and gas reserves are not taxed. No personal property is taxed. Therefore, the property tax on oil and gas applies only to equipment forming a part of the realty.

Texas. Property currently appraised by each taxing unit. In 1982 appraisal will be done by one countrywide appraisal using a standard appraisal guide. Reserves valued on formula valuation method. Equipment valued separately as personal property.

Wyoming. Property tax on reserves is calculated by applying mill levy to full market value of production. Equipment above ground is valued at 25 percent of its 1967 replacement cost; in 1982 the base year for equipment values may be 1981 replacement cost.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 29, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 30

10 a.m.
Foreign Relations
International Operations Subcommittee
To hold hearings on United States policy toward victims of torture.
SD–419

11:30 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on the nomination of Harry J. Bowie, of Mississippi, to be a Member of the Board of Directors of the National Consumer Cooperative Bank; the nomination of Armando Falcon, Jr., of Texas, to be Director of the Office of Federal Housing Enterprise Oversight, Department of Housing and Urban Development; the nomination of Robert Z. Lawrence, of Massachusetts, to be a Member of the Council of Economic Advisers; the nomination of Martin Baily, of Maryland, to be Chairman of the Council Economic Advisors; and the nomination of Dorian Vanessa Weaver, of Arkansas, to be a member of the Board of Directors of the Export-Import Bank.
SD–538

AUGUST 3

9:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1052, to implement further the Act (Public Law 94–241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.
SD–366

Armed Services
To hold hearings on the nomination of Charles A. Blanchard, of Arizona, to be General Counsel of the Department of the Army; and the nomination of Carol DiBattiste, of Florida, to be Under Secretary of the Air Force.
SR–222

10 a.m.
Indian Affairs
To hold hearings on proposed legislation to provide equitable compensation to the Cheyenne River Sioux Tribe.
SR–485

Environment and Public Works
Business meeting to resume markup of S. 1090, to reauthorize and amend the Comprehensive Environmental Response, Liability, and Compensation Act of 1980.
SD–406

Governmental Affairs
Business meeting to consider pending calendar business.
SD–342

2:30 p.m.
Indian Affairs
To hold hearings on S. 692, to prohibit Internet gambling.
SR–485

AUGUST 4

8:30 a.m.
Judiciary
To hold hearings on the nomination of David W. Ogden, of Virginia, to be an Assistant Attorney General; and the nomination of Robert Raben, of Florida, to be an Assistant Attorney General.
SD–628

9:30 a.m.
Indian Affairs
To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business meeting to consider pending calendar business.
SR–485

10 a.m.
Judiciary
To hold hearings on S. 1172, to provide a patent term restoration review procedure for certain drug products, focusing on proposed remedies for relief, relating to pipeline drugs.
SD–628

10:30 a.m.
Foreign Relations
To hold hearings on S. 693, to assist in the enhancement of the security of Taiwan.
SD–419

Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee
To hold hearings on overlap and duplication in the Federal Food Safety System.
SD–342

2 p.m.
Judiciary
Immigration Subcommittee
To hold hearings on annual refugee consultation.
SD–628

2:15 p.m.
Energy and Natural Resources
National Parks, Historic Preservation, and Recreation Subcommittee
To hold oversight hearings to review the performance management process under the requirements of the Government Performance and Results Act, by the National Park Service.
SD–366

Commerce, Science, and Transportation
To hold hearings to examine fraud against seniors.
SR–253

AUGUST 5

9:30 a.m.
Banking, Housing, and Urban Affairs
Housing and Transportation Subcommittee
To hold oversight hearings on activities of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development.
SD–538

10 a.m.
Judiciary
Business meeting to consider pending calendar business.
SD–628

SEPTEMBER 28

9:30 a.m.
Veterans' Affairs
To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion.
345 Cannon Building